



Reg. No. :

Name :

Second Semester B.Com. Degree Examination, July 2017

First Degree Programme under CBCSS

Core Course : CO 1242/CX 1241/CC 1242/HM 1241

FINANCIAL ACCOUNTING

**(Common for Commerce/Commerce and Tax Procedure and Practice/
Commerce with Computer Applications/Commerce and Hotel Management
and Catering)
(2014 Admn. Onwards)**

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions, **each** question carries **1** mark :

1. What is a ledger ?
2. Explain the revaluation method of depreciation.
3. What is self balancing ?
4. Explain money measurement concept.
5. Explain compound entry with example.
6. What is deferred revenue expenditure ?
7. What do you mean by a voyage account ?
8. What is the adjusting entry to bring into effect interest on capital ?
9. What do you mean by trade discount ?
10. Explain suspense account.

(10×1=10 Marks)



SECTION - B

Not to exceed **one** paragraph, answer **any eight** questions. **Each** question carries **2** marks :

11. What is a trial balance ? What are the objectives of preparing trial balance ?
12. Explain straight line method of depreciation.
13. State the difference between a journal and a journal proper.
14. What do you mean by dual aspect ? Explain with example.
15. What do you mean by error of omission ?
16. Explain a compound entry with example.
17. What is credit note ?
18. What is a secret reserve ? Explain its advantages.
19. What is an opening entry ? Give example.
20. What are the difference between capital expenditure and revenue expenditure ?
21. What is journalizing ?
22. Briefly explain an accounting equation. (8×2=16 Marks)

SECTION - C

Not to exceed **120** words, answer **any six** questions. **Each** question carries **4** marks :

23. Distinguish between double entry and single entry.
24. Differentiate between hire purchase and sale.
25. What are the difference between a trading account and manufacturing account ?
26. What do you mean by depreciation ? Briefly explain the different methods of calculating depreciation.



SECTION – D

Answer **any two** questions. **Each** question carries **15** marks :

32. What do you mean by depreciation what are the causes of depreciation ?

Narrate the methods used for calculating depreciation.

33. A joint stock company sells its product on hire purchase terms. It charges gross profit at 25% of selling price. The following particulars pertain to its hire purchase business during the year ended 31st March, 2012.

Balance of 1 st April 2011	Rs. ('0000)
Stock out on hire purchase price	4.50
Installments due customers still paying	12.00
Cash received from customers during the year	48.00
Balances on 31 st March 2012	
Stock out on hire purchase price	18.60
Installments due, customers still paying	1.30
Stock at shop	5.16

You are required to prepare

- i) Hire purchase Debtors Account
- ii) Hire purchase Stock Account
- iii) Goods sold on Hire purchase Account
- iv) Stock at shop Account and
- v) Hire purchase Adjustment account, showing profit earned.



34. The following is the trial balance of B Govil in 31st March 2012 :

	Dr.	Cr.
Cash in hand	540	
Cash at bank	12,630	
Purchase Account	1,40,675	
Sales account		2,58,780
Returns Inward Account	2,680	
Returns outwards account		1,500
Wages account	20,480	
Fuel and power account	4,730	
Carriage on sales account	3,200	
Carriage on purchase account	2,040	
Stock account (1 st April, 2011)	25,760	
Buildings account	30,000	
Freehold land account	20,000	
Machinery account	20,000	
Patent account	7,500	
Salaries account	15,000	
General expenses account	13,000	
Insurance account	600	
Drawings account	15,245	
Capital account		82,000
Sundry debtors	14,500	
Sundry creditors		6,300
Total	3,48,580	3,48,580



27. What are the difference between self balancing and sectional balancing ?
28. Bombay Chemicals Ltd. supplies their products in returnable containers. A container is invoiced to the customer at Rs. 40 but if it is returned within two months, a credit of Rs. 35 is given to the customer. A container costs the company Rs. 35 and its life is estimated at 6 years at the end of which the scrap value is likely to be Rs. 5. The following particulars are supplied to you :

	Nos.
Containers with customers (1-1-98)	10,000
Containers in stock (1-1-98)	14,000
Containers sent to customers during the year 1998	60,000
Containers returned by customers	63,000
Containers returnable	6,000
Containers returnable	1,000
Containers condemned during the year, useful life being over	1,500
Amount realized by sale of condemned containers	Rs. 8,000

Depreciation is to be provided on straight line basis

Prepare the Containers' Trading Account for the year and ascertain the profit or losses earned or incurred in the year.

29. X Co. Ltd. purchased a machine on 1st April 2008 for Rs. 1,60,000. On October 1, 2009 another machine was purchased for Rs. 1,40,000. On October 1, 2010 the first machine was sold for Rs. 1,20,000. On the same date, another machine was purchased for Rs. 1,00,000. On October 1, 2011 the second machine was sold for Rs. 92,000.

Rate of depreciation was 10% on original cost annually on 31st March. On 31st March 2011 the method of charging depreciation was changed to diminishing balance method, the rate being 15%.

Prepare Machine Account for the year ending 31st March 2009, 2010, 2011 and 2012.



30. S Himalaya set out on a Voyage from Calcutta to Mumbai. On December 31st on which date the accounts are to be closed, the return voyage had not been completed. The details for the entire voyage to Mumbai and back to Calcutta completed after December 31st were :

Freight Rs. 4,00,000, Coal consumption Rs. 70,000, Stores consumed Rs. 30,000, Port charger Rs. 15,000, Salaries of the crew Rs. 40,000, Depreciation 40,000, Insurance (ship) Rs. 20,000, Insurance (freight) Rs. 8,000, Primage 10% Address commission 5%. Only Rs. 1,50,000 freight was available on the return journey. Prepare the Voyage Account up to December 31st.

31. From the following particulars prepare a Total Debtors Account to be maintained in the General Ledger of a concern.

	Rs.
Total of the schedule of debtors as at 1 st January	12,654
Total credit sales during the month	56,512
Total of the returns Inwards Day Book	619
Total amount of cash received from debtors during the month	48,216
Total of bills receivable received during the, month	12,927
Total amount of discount allowed during the month	822
Total amount of bad debts written off during the month	1,118
Bills receivable dishonored during the month	5,200
Total of set-offs in Creditors ledger	654

The concerns trial balance on 31st January is out by Rs. 10 excess credit. The schedule of debtors as on 31st January totals Rs. 10,020. What conclusion do you draw ?

(6×4=24 Marks)



Taking into account the following adjustments make the necessary journal entries and prepare trading and profit and loss account and the balance sheet :

- a) Stock on hand on 31st March, 2012 is Rs. 26,800
- b) Machinery is to be depreciated at the rate of 10% and patents at the rate of 20%
- c) Salaries for the month of March, 2012 amounting to Rs. 1,500 were unpaid
- d) Insurance includes a premium of Rs. 170 on policy, expiring on 31st September, 2012
- e) Wages include a sum of Rs. 2,000 spent on the erection of a cycle shed for employees and customs
- f) A provision for Bad and Doubtful Debts is to be created to the extent of 5 per cent on Sundry debtors.

35. Briefly explain the concepts and conventions of accounting. (2×15=30 Marks)
